

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT
OF
TOWN OF WEST COLLEGE CORNER
UNION COUNTY, INDIANA
January 1, 2006 to December 31, 2006



FILED
12/31/2007

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Donna Bourne (Vacant) Judith Burke Starr	06-01-05 to 02-26-07 02-27-07 to 02-29-07 03-01-07 to 12-31-11
President of the Town Council	Terry Starcher Carolyn Portwood	01-01-06 to 08-13-06 08-14-06 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF WEST COLLEGE CORNER, UNION COUNTY, INDIANA

We have examined the financial information presented herein of the Town of West College Corner (Town), for the period of January 1, 2006 to December 31, 2006. The Town's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Town for the year ended December 31, 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

December 12, 2007

TOWN OF WEST COLLEGE CORNER
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2006

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 95,564	\$ 33,367	\$ 69,289	\$ 59,642
Motor Vehicle Highway	65,789	62,808	56,373	72,224
Local Road and Street	1,368	2,852	-	4,220
Economic Development Income Tax	61,356	7,637	-	68,993
Riverboat	3,998	7,987	-	11,985
Rainy Day	4,954	-	-	4,954
Cumulative Capital Improvement	23,615	2,265	-	25,880
Cumulative Capital Development	29,452	2,302	573	31,181
Levy Excess	-	10,859	-	10,859
Proprietary Funds:				
Wastewater Utility - Operating	41,198	157,285	171,868	26,615
Wastewater Utility - Bond and Interest	18,676	3,862	-	22,538
Wastewater Utility - Debt Service Reserve	3,518	2,595	-	6,113
Wastewater Utility - Construction	18,979	-	18,979	-
Fiduciary Fund:				
Payroll	280	56,192	56,472	-
Totals	<u>\$ 368,747</u>	<u>\$ 350,011</u>	<u>\$ 373,554</u>	<u>\$ 345,204</u>

The accompanying notes are an integral part of the financial information.

TOWN OF WEST COLLEGE CORNER
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, highways and streets, culture and recreation, economic development, general administrative services, and wastewater utility.

Note 2. Fund Accounting

The Town uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 6. Subsequent Event

The Wastewater Utility issued \$300,000 of Bond Anticipation Notes (BAN) during the year 2004. The Utility is in the process of securing funding for a major overhaul of both the sewage treatment plant and the collection system. The total project cost is expected to be approximately \$3,200,000. The project will be funded through a combination of Rural Development grants and loans.

TOWN OF WEST COLLEGE CORNER
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2006

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

General infrastructure assets (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 2,500
Buildings	21,413
Improvements other than buildings	5,858
Machinery and equipment	<u>93,649</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 123,420</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	\$ 8,000
Construction in progress	339,645
Collection system	983,634
Treatment plant	687,462
Machinery and equipment	<u>46,583</u>
 Total business-type activities capital assets	 <u>\$ 2,065,324</u>

TOWN OF WEST COLLEGE CORNER
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2006

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type Activities:		
Wastewater Utility		
Revenue bonds:		
Wastewater Plant Expansion	\$ 99,000	\$ 16,950
Wastewater Improvements	137,562	9,872
Emergency Loan from IDEM		
Clean-up of contaminated plant	23,769	7,923
Total business-type activities debt:	\$ 260,331	\$ 34,745

TOWN OF WEST COLLEGE CORNER
EXAMINATION RESULT AND COMMENT

DELINQUENT WASTEWATER ACCOUNTS

Town of West College Corner (Town) contracted on October 10, 1994, with Southwest Regional Water District (SWRWD), a State of Ohio entity, to provide both billing and collection of accounts serviced by its sanitary sewage utility within Indiana. The billing contract states that, "The gross amount of any sewer account which is not paid in full by the 1st day of the second month following issuance of the bill will be certified to the Town as an uncollectible account." The contract further states, "The District shall not charge any customer any late fees, interest, collection charges or any other charges in excess of the gross amount of the sewer usage charge as billed."

Our review of customer billing and accounts receivable processes for wastewater fees revealed several contract noncompliance issues. A detailed analysis of the accounts receivable information provided by SWRWD for the test month of October 2007 revealed the following issues:

- The SWRWD is writing off delinquent accounts without formal notification or approval of the Town Council;
- Accounts that are overdue by more than 60 days are not being certified to the Town so that the Town could have the opportunity to timely file a lien against the property of the delinquent customer;
- The 10% late fee (required by Indiana Code 36-9-23-31) imposed on delinquent bills in Indiana is being collected by SWRWD, but is not being remitted to the Town; and
- Detailed information provided by SWRWD to the Town is inadequate because it does not disclose the amount of sewer delinquencies for the Town accounts. The delinquencies are grouped together with water arrears owed to College Corner, Ohio. Also, the reports do not disclose the amount of penalties charged or collected.

As a result of the above practices, the Town has potentially lost thousands of dollars in revenue due to delinquent customer utility charges and penalties that can no longer be certified to the Union County Auditor as a lien against their property. The revenue lost from any late fees collected by SWRWD but not remitted to the Town could not be determined or estimated.

TOWN OF WEST COLLEGE CORNER
EXAMINATION RESULT AND COMMENT
(Continued)

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines for Cities and Towns, page 51-4)

Indiana Code 36-9-23-33 states in part:

"(b) Except as provided in subsection (l), the officer charged with the collection of fees and penalties assessed under this chapter shall enforce their payment. As often as the officer determines is necessary in a calendar year, the officer shall prepare either of the following:

(1) A list of the delinquent fees and penalties that are enforceable under this section, which must include the following:

(A) The name or names of the owner or owners of each lot or parcel of real property on which fees are delinquent.

(B) A description of the premises, as shown by the records of the county auditor.

(C) The amount of the delinquent fees, together with the penalty.

(2) An individual instrument for each lot or parcel of real property on which the fees are delinquent.

(c) The officer shall record a copy of each list or each individual instrument with the county recorder . . ."

"(e) Using the lists and instruments prepared under subsection (b) and recorded under subsection (c), the officer shall, not later than ten (10) days after the list or each individual instrument is recorded under subsection (c), certify to the county auditor a list of the liens that remain unpaid for collection in the next May. . . ."

TOWN OF WEST COLLEGE CORNER
EXIT CONFERENCE

The contents of this report were discussed on December 12, 2007, with Carolyn Portwood, President of the Town Council; David W. Pence, Town Council member; Juanita Fenwick, Town Council member, and Judith Burke Starr, Clerk-Treasurer.